

petition. So seriously was the situation regarded, however, that in the spring of 1908 the subject was taken under consideration by a committee of bankers and by a special committee of the London Chamber of Commerce.¹

One of the significant features of the growing banking power of other countries was the impairment of the power of the Bank of England to influence the flow of gold by changing the discount rate. While London has continued to be the centre upon which bills of exchange have been negotiated from, all over the world, Great Britain has ceased to enjoy her old monopoly of foreign trade, and much of the banking business is now done by agencies of foreign banks.² In emergencies the London market, as in 1889 and 1906, turns to the Bank of France for gold. Superimposed upon, this menace from abroad to the power of the Bank of England is the immensely increased banking power and the increased demands of the British market. As the situation, is described by a careful student³:

From a banking position, there is no doubt economy in making the Bank of England keep the reserve of the bankers, but it is equally certain that, from a general point of view, the doing this tends to place the stress of every pressure which occurs always on one point—a point on which many and varied needs all concentrate—demands for domestic and foreign needs, the requirements for harvest wages and annual holiday-makers in England, of farmers in Scotland, of dealers in Ireland, the requirements of great nations forming and increasing their gold circulations, the demands for gold for export as well as for the internal circulation of the country.

In order to retain control of a market in which so many

¹ *London Bankers' Magazine*, April, 1908, LXXXV., 512.

² It was declared in 1904 by Mr. W. K. Lawson, "that all the London banks, discount houses, and private bankers together should hold only forty millions sterling or thereabouts of our foreign bills, while they credit foreign banks with a holding of from fifty to one hundred millions sterling, is an anomaly to be investigated."—*British Economics* in Jroog, 226.

³ Palgrave, *Bank Rate and the Money Market*, 41.